

August 18, 2004

To: Commissioner James Fleming, Co-Chairman
Senator Donald DeFronzo, Co-Chairman
Governor's Task Force on Contracting Reform

From: Jim Passier, Procurement Manager
Procurement Chair

The Procurement Workgroup submits the following five recommendations and associated appendices for consideration by the Contract Reform Task Force.

- **Single Purchasing Portal** – facility for posting bid and contract documents for the State of Connecticut
- **Standardize Purchasing Policies and Procedures** – recommendation to simplify and improve current procedures
- **Improvement to the Small and Minority Business Enterprise Program**
- **Protest Review Board** – “court of last resort” for people who feel that they were treated unfairly in procurement process
- **Process for the Evaluation of Privatization Proposals**
- **Appendices**
 - **University of Connecticut Submittal**

Single Purchasing Portal

Current Situation:

DAS' eProcurement website is a one-stop resource that hosts all information about the state bids, request for proposals (RFP) and contracts that Procurement Services provides on behalf of executive branch agencies. The site also hosts bid notices for DOIT and other Connecticut state agencies, municipalities, schools and not for profit organizations that choose to make use of our free Bid Posting Service. In addition, the eProcurement site offers a Bidder Notification System, which allows prospective bidders to register online to receive, via email, notices of bid opportunities for the commodities of their choice. Over 18,000 people currently use this free service with more registering every day. With the Bidder Notification System, we are able to get our bids/RFPs into the hands of more vendors thus increasing competition. By publicly listing bids and contracts and reaching out to the vendor community to promote competitive bidding, the DAS eProcurement website is a successful single source for opportunities and information that promotes open and fair government contracting.

Problem:

Vendors and customers do not have a single place to go to access all State of Connecticut bid/RFP opportunities and contracts. Therefore, they need to check numerous websites, an investment in time and patience, to hopefully find what they need, which may not happen or may not even be posted by the agency. Without having a single portal for vendors to utilize, it is possible that only few preferred vendors will be notified of a bid opportunity. Likewise, without a single place to find contracts it is possible that customers may unknowingly make non-contract purchases when, in fact, there is an existing state contract. Even though DAS has the infrastructure to support hosting all state bid and contract documents on behalf of all state agencies, those agencies are not required to do so.

Cause of Problem:

We have an inconsistent way of doing business. Some agencies choose to post their bids on our eProcurement website through the Bid Posting Service and while others don't. Those agencies that use the service get their bid notice into the hands of a much larger pool of vendors thus promoting competition and an open, fair chance for vendors to win contracts. By not using the Bid Posting service, agencies give vendors no choice but to search multiple agency websites for bid notices or scour classified ads in various newspapers. The same is true for agencies searching for state contracts. Some contracts are listed on the eProcurement site and some aren't. Agencies will find all DAS awarded contracts but not those awarded by other agencies. Customers searching for a valid state contract may also need to search multiple websites to find out if a state contract is in place for the product or service they need.

Recommendations for improvement:

- Adopt a single portal for all state bid and contract information.

- Post all bid opportunities to establish a level playing field so that at any time vendors can easily locate all bids and Request for Proposals (RFP) in one place. See Appendix 2, Bids
- Post all contracts, including standardization transactions and personal service agreements, so they are available for everyone to view online; another example of consistent procedures and open government contracting. See Appendix 2, Contracts
- Utilize the DAS portal already in place. This site has the infrastructure and technology to host bid and contract documents using a format that has been in place for years. People are familiar with it and it is easy to use.
- Promote and market the single purchasing portal as a one-stop resource where vendors and prospective bidders can always access a comprehensive list of all state bids and contracts that is open for anyone to see at anytime.
- Encourage Municipalities to participate, on a voluntary basis, in the ePartners program

Statutory changes required: Legislation Required

Standardize Purchasing Policies and Procedures

<i>Current Situation:</i>	Agencies that have the authority and responsibility to contract on their own for specific products and services determine their own purchasing policies and procedures which may not be consistent.
<i>Problem:</i>	Purchasing procedures such as bid posting, bidder notification, documents and evaluation procedures vary by agency. This inconsistency causes confusion and makes it difficult for vendors to submit a successful bid response.
<i>Cause of Problem:</i>	Attention has not been focused on standardizing policies & procedures
<i>Recommendations for improvement:</i>	<ul style="list-style-type: none">• Adopt standard statewide purchasing policies and procedures for all facets of state contracting, including bids, contracts, compliance and vendor accountability. Consider new purchasing procedures to increase openness of the buying process such as reverse auctions.• Develop a Contract Compliance Monitoring System to identify maverick buying through the use of Core-CT and other available technology. Report findings to non-compliant agencies and educate them about their requirement to use state contracts• Develop a standardized State Contract Management Process to make contractors accountable for providing the proper goods and services at the correct prices, in the manner prescribed in their contract. Institute penalties for non-compliant vendors• Establish an advisory group to include Executive, Legislative and Judicial Branch and Higher Education purchasing personnel to share ideas, discuss issues, institute best practices and continually search for improved procurement methods, for instance, offer vendor debriefings to review bids and offer suggestions to help vendors achieve success with future bids• Develop and implement a training program to educate agency-purchasing people on proper purchasing procedures with an emphasis on ethics, fairness and consistency. Offer training to potential bidders to inform them of such purchasing policies and procedures as a tool to help them attain success with their bid responses and to promote a more open, ethical environment.• Communicate information about the implementation of improvements resulting from the Contract Reform Task Force through the use of the Procurement Services Weekly Information Newsletter (WIN) and any other suggested form of communication
<i>Statutory changes required:</i>	Legislation Required. Provide legislation that authorizes the Commissioner of DAS to establish and monitor standard procurement and purchasing practices that maximizes openness, fairness and cost effectiveness. Those practices may include, but not be limited to, automated and electronic methods. The Commissioner shall consult with the Legislative and Judicial Branch and Higher Education to establish and monitor these standards.

Improvements to Small & Minority Business Enterprise Program

<i>Current Situation:</i>	State agencies are required to set aside 25% of their purchases to Connecticut certified Small Business Enterprises (SBE). In addition, 25% of that amount is reserved for purchases from Connecticut certified Minority Business Enterprises (MBE).
<i>Problem:</i>	Agencies have difficulty meeting their mandated set-aside goals
<i>Cause of Problem:</i>	<ul style="list-style-type: none">• There may not be a sufficient pool of certified vendors for the required product or service to ensure competition• Agencies may lack knowledge and training• With budget cuts, agencies purchase from the vendor with the lowest prices, which are often not SBE/MBE vendors
<i>Recommendations for improvement:</i>	<ul style="list-style-type: none">• Agencies should develop a systematic approach to maximize the utilization of Small and Minority Business Enterprises in state contracting. Incorporate successful methods employed by state agencies, for instance, the use of screening committees by DOT. Establish training for procurement professionals regarding the program. Refer to Appendix 1 for additional suggested methods to increase SBE/MBE participation• Perform a feasibility study to determine if the current annual sales threshold to qualify for certification should be changed. Consider if dollar thresholds should vary by industry and study the possibility of implementing a program for micro businesses• For construction contracts, establish a program for contractors to mentor SBE/MBE sub-contractors• Increase agency set aside goals from 25% to 30%• Allow agencies to take credit for purchases made from Connecticut minority and women-owned businesses that are recognized by CMSDC and other nationally recognized certification organizations and create a single referral source for all certified organizations• Incorporate SBE/MBE set aside goal achievement into performance appraisals for Managers
<i>Statutory changes required:</i>	4a-60, 4a60g, 4b-95 & 46a-51

Protest Review Board

<i>Current Situation:</i>	<p>Contracts for administrative goods and services are awarded by authorized procurement agencies, including DAS, DOIT, and Higher Education. The procurement units in these agencies bid, evaluate and award contracts in support of other agencies and or to meet the overall needs of the executive branch for these products and services. Contract awards are reviewed “as to form” by the Office of the Attorney General.</p> <p>Other agencies contract for services that directly support their mission. Typically these contracts are accomplished through use of Personal Service Agreements (PSA).</p>
<i>Problem:</i>	<p>Potential bidding and contracting irregularities, including favoritism, fraud, etc, may not be brought to light through this process. Public trust and faith in the procurement process may be weakened as a result.</p>
<i>Cause of Problem:</i>	<p>A procedure for independent review of the work of the procurement units and their decisions does not exist. Contract award decisions are not reviewed other than the approval for form conducted by the Attorney General.</p>
<i>Recommendations for improvement:</i>	<ul style="list-style-type: none">• Develop a standard process at the agency level for protest resolution and publicize it• Create an independent oversight function to serve as a resource for vendors that wish to protest a procurement action. Awarding agencies should first attempt to resolve protests through the standard process but when vendors are not satisfied they may choose to seek relief through the Protest Review Board.
<i>Statutory changes required:</i>	<p>New legislation</p>

Process for the Evaluation of Privatization Proposals

<i>Current Situation:</i>	With intent to reduce costs in our difficult fiscal environment, a number of privatization initiatives have been considered over the past several years. Typically, these proposals are complex and multi-faceted, containing many factors and variables. Each requires careful review and analysis in order to reach an accurate conclusion regarding the value and efficacy of the proposal.
<i>Problem:</i>	The evaluation process is incompletely defined, cumbersome and problematic. Virtually every initiative becomes a political issue and is not judged on its merits alone. Lack of a rigorous review methodology increases the likelihood that key decision factors are overlooked or improperly evaluated; resulting in a greater risk of an incorrect decision. The proposals' values are influenced more by the perception of the reviewer than by a thorough analysis of content and fact. As a result, there may be reason to believe that the proposals are biased toward particular suppliers and or are unethical, fostering a negative view of the process and government.
<i>Cause of Problem:</i>	There is no defined, required, procedure for the analysis and evaluation of privatization proposals, for the content of the proposal itself, and for review and approval by all appropriate parties and interests.
<i>Recommendations for improvement:</i>	Create and implement a procedure containing all appropriate steps and reviews required for privatization proposals including the approval process. A study group should be formed to develop the process identifying and including all analytical steps, relevant parties and evaluation factors. The resulting process should become the required mechanism for review and evaluation of proposals of this nature and its use should be mandatory and enactment of legislation to govern the process should be considered as well.
<i>Statutory changes required:</i>	New legislation. In addition, privatization may be a topic in some of all of the collective bargaining agreements with the various unions. Legislation may need to be coordinated with revisions to labor contracts.

Contract Reform Task Force Procurement Workgroup

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Appendix 1 contains:

1. **Suggested Methods to Increase SBE/MBE Participation**
2. **Set Aside Bid Clauses**

Suggested Methods to Increase SBE/MBE Participation

1. Utilize the Supplier Diversity website to check the number of certified vendors for the commodity or service needed
2. Perform a market and/or economic analysis
3. Consider structuring bids to utilize set-aside provisions such as 2nd tier, set-aside percentage or the Special Bid Provision for Set-Aside Bids rather than an “all or nothing” approach. See **Set Aside Bid Clauses**
4. Offer weighted values for certified SBE/MBE in RFPs
5. Include a member of the Supplier Diversity Team in Evaluation Committees, whenever possible
6. Require vendors to submit their Affirmative Action Plan prior to the award of a bid
7. Integrate a formal contract management procedure to ensure that 1) purchases are made from awarded SBE/MBE contractors 2) prime vendors meet their obligation to give business to SBE/MBE sub-contractors and intervene on their behalf if they fail to do so 3) agencies have a electronic mechanism in place to accurately capture purchases from SBE/MBEs for reporting purposes

Appendix 2 contains:

Screen shot of eProcurement web page for:

1. **Bid Posting and Bidder Notification System**
2. **Contracts**

University of Connecticut Submittal